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[Report No. 106–_____]

IN THE SENATE OF THE UNITED STATES

JUNE ____ (legislative day, _____), 2000

Mr. HELMS, from the Committee on Foreign Relations, reported the following original bill; which was read twice and placed on the calendar

A BILL

To provide for international debt forgiveness and the strengthening of anticorruption measures and accountability at international financial institutions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “International Debt
5 Forgiveness and International Financial Institutions Re-
6 form Act of 2000”.

1 **SEC. 2. DEBT RELIEF UNDER THE HEAVILY INDEBTED**
2 **POOR COUNTRIES (HIPC) INITIATIVE.**

3 (a) REPEAL OF LIMITATION ON AVAILABILITY OF
4 EARNINGS ON PROFITS OF NONPUBLIC GOLD SALES.—
5 Paragraph (1) of section 62 of the Bretton Woods Agree-
6 ments Act, as added by section 503(a) of H.R. 3425 of
7 the 106th Congress (as enacted by section 1000(a)(5) of
8 Public Law 106–113 (113 Stat. 1536)), is amended—

9 (1) by adding “and” at the end of subpara-
10 graph (B); and

11 (2) by striking subparagraph (D).

12 (b) CONTRIBUTIONS TO HIPC TRUST FUND.—

13 (1) AUTHORIZATION OF APPROPRIATIONS FOR
14 CONTRIBUTIONS.—There is authorized to be appro-
15 priated for the period beginning October 1, 1999,
16 and ending September 30, 2003, \$600,000,000 for
17 purposes of United States contributions to the Heav-
18 ily Indebted Poor Countries (HIPC) Trust Fund ad-
19 ministered by the Bank.

20 (2) AVAILABILITY OF AMOUNTS.—Amounts ap-
21 propriated pursuant to the authorization of appro-
22 priations in paragraph (1) shall remain available
23 until expended.

24 (c) CERTIFICATION REQUIRED.—

25 (1) IN GENERAL.—Except as provided in para-
26 graph (2), not later than 30 days after the date of

1 enactment of this Act, the Secretary shall certify to
2 the appropriate congressional committees that the
3 following requirements are satisfied:

4 (A) ACCESS TO CERTAIN INFORMATION
5 AND DOCUMENTS.—The Bank and the Fund
6 have given the Comptroller General access to
7 information and documents of the Bank and
8 the Fund necessary in order for the Comp-
9 troller General to audit and monitor the oper-
10 ations of such institutions. The Secretary shall
11 consult with the Comptroller General prior to
12 making a certification under this subparagraph.

13 (B) IMPLEMENTATION BY THE BANK OF
14 CERTAIN POLICIES.—The Bank is
15 implementing—

16 (i) policies providing for the suspen-
17 sion of a loan if funds are being diverted
18 for purposes other than the purpose for
19 which the loan was intended;

20 (ii) policies seeking to prevent loans
21 from displacing private sector financing;

22 (iii) policies requiring that loans other
23 than project loans must be disbursed—

24 (I) on the basis of specific prior
25 reforms; or

1 (II) incrementally upon imple-
2 mentation of specific reforms after
3 initial disbursement;

4 (iv) policies seeking to minimize the
5 number of projects receiving financing that
6 would displace a population involuntarily
7 or be to the detriment of the people or cul-
8 ture of the area into which the displaced
9 population is to be moved;

10 (v) policies vigorously promoting open
11 markets and liberalization of trade in
12 goods and services;

13 (vi) policies providing that financing
14 by the Bank concentrates chiefly on
15 projects and programs that promote eco-
16 nomic and social progress rather than
17 short-term liquidity financing; and

18 (vii) policies providing for the estab-
19 lishment of appropriate qualitative and
20 quantitative indicators to measure progress
21 toward graduation from receiving financing
22 on concessionary terms, including an esti-
23 mated timetable by which countries may
24 graduate over the next 15 years.

1 (C) IMPLEMENTATION BY THE FUND OF
2 CERTAIN POLICIES.—The Fund is
3 implementing—

4 (i) policies providing for the suspen-
5 sion of a financing if funds are being di-
6 verted for purposes other than the purpose
7 for which the financing was intended;

8 (ii) policies seeking to ensure that fi-
9 nancing by the Fund normally serves as a
10 catalyst for private sector financing and
11 does not displace such financing;

12 (iii) policies requiring that financing
13 must be disbursed—

14 (I) on the basis of specific prior
15 reforms; or

16 (II) incrementally upon imple-
17 mentation of specific reforms after
18 initial disbursement;

19 (iv) policies vigorously promoting open
20 markets and liberalization of trade in
21 goods and services;

22 (v) policies providing that financing
23 by the Fund concentrates chiefly on short-
24 term balance of payments financing; and

1 (vi) policies providing for the use, in
2 conjunction with the Bank, of appropriate
3 qualitative and quantitative indicators to
4 measure progress toward graduation from
5 receiving financing on concessionary terms,
6 including an estimated timetable by which
7 countries may graduate over the next 15
8 years.

9 (2) EXCEPTION.—In the event that the Sec-
10 retary cannot certify that the Comptroller General
11 has obtained the access described in paragraph
12 (1)(A) to information and documents, or that a pol-
13 icy described in paragraph (1)(B) or (1)(C) is being
14 implemented, the Secretary shall, not later than 30
15 days after the date of enactment of this Act, submit
16 a report to the appropriate congressional committees
17 on the progress, if any, made by the Bank and the
18 Fund in providing such access to the Comptroller
19 General, or in adopting and implementing such pol-
20 icy, as the case may be.

21 (3) SUBSEQUENT REPORTING ON DENIAL OF
22 ACCESS.—

23 (A) REPORT REQUIRED.—In the event that
24 the Comptroller General is denied the access de-
25 scribed in paragraph (1)(A) to information and

1 documents of the Bank or the Fund on or after
2 the date specified in subparagraph (B), the
3 Comptroller General shall submit a report to
4 the appropriate congressional committees and
5 the Secretary notifying the committees and the
6 Secretary of such fact.

7 (B) DATE OF SUBMISSION OF REPORT.—
8 The date specified in this subparagraph is the
9 earlier of—

10 (i) the date a certification is made
11 under paragraph (1) or, if a certification
12 cannot be made, the date on which a re-
13 port is submitted under paragraph (2); or

14 (ii) the date that is 30 days after the
15 date of enactment of this Act.

16 **SEC. 3. STRENGTHENING PROCEDURES FOR MONITORING**
17 **USE OF FUNDS BY MULTILATERAL DEVELOP-**
18 **MENT BANKS.**

19 (a) IN GENERAL.—The Secretary shall instruct the
20 United States Executive Director of each multilateral de-
21 velopment bank to exert the influence of the United States
22 to strengthen the bank's procedures and management con-
23 trols intended to ensure that funds disbursed by the bank
24 to borrowing countries are used as intended and in a man-

1 ner that complies with the conditions of the bank's loan
2 to that country.

3 (b) INFORMATION TO APPROPRIATE COMMITTEES.—

4 Upon the request of the chairman or ranking minority
5 member of an appropriate congressional committee, the
6 Secretary shall obtain from the bank and make available
7 to such committee, on a confidential basis if necessary,
8 data existing at the time of the request concerning the
9 objectives described in subsection (a). In the event the
10 Secretary is unable to obtain such existing data within 30
11 days of such request, the Secretary shall submit, within
12 an additional period of 30 days, a report to the appro-
13 priate congressional committees setting forth the reasons
14 for the failure to obtain such data.

15 (c) PROGRESS EVALUATION.—Not later than 180
16 days after the date of enactment of this Act, the Secretary
17 shall submit to the appropriate congressional committees
18 a report evaluating the progress made toward achieving
19 the objectives of subsection (a), including a description
20 of—

21 (1) any progress made in improving the super-
22 vision, monitoring, and auditing of programs and
23 projects supported by each multilateral development
24 bank, in order to identify and reduce bribery and
25 corruption;

1 (2) any progress made in developing each multi-
2 lateral development bank's priorities for allocating
3 anticorruption assistance;

4 (3) country-specific anticorruption programs
5 supported by each multilateral development bank;

6 (4) actions taken to identify and discipline mul-
7 tilateral development bank employees suspected of
8 knowingly being involved in corrupt activities; and

9 (5) the outcome of efforts to harmonize pro-
10 curement practices across all multilateral develop-
11 ment banks.

12 **SEC. 4. REPORTS ON POLICIES, OPERATIONS, AND MAN-**
13 **AGEMENT OF INTERNATIONAL FINANCIAL IN-**
14 **STITUTIONS.**

15 (a) ANNUAL REPORT ON FINANCIAL OPERATIONS.—
16 Beginning 180 days after the date of enactment of this
17 Act, or October 31, 2000, whichever is later, and on Octo-
18 ber 31 of each year thereafter, the Comptroller General
19 shall submit to the appropriate congressional committees
20 a report on the sufficiency of audits of the financial oper-
21 ations of each multilateral development bank conducted by
22 persons or entities outside such bank.

23 (b) ANNUAL REPORT ON UNITED STATES SUP-
24 PORTED POLICIES.—Beginning 180 days after the date of
25 enactment of this Act, or October 31, 2000, whichever is

1 later, and on October 31 of each year thereafter, the Sec-
2 retary shall submit a report to the appropriate congres-
3 sional committees on—

4 (1) the actions taken by recipient countries, as
5 a result of the assistance allocated to them by the
6 multilateral development banks under programs re-
7 ferred to in section 3(c)(1), to strengthen govern-
8 ance and reduce the opportunity for bribery and cor-
9 ruption; and

10 (2) how International Development Association-
11 financed projects contribute to the eventual gradua-
12 tion of a representative sample of countries from re-
13 liance on financing on concessionary terms and
14 international development assistance.

15 (c) AMENDMENT OF REPORT ON FUND.—Section
16 1705(a) of the International Financial Institutions Act
17 (22 U.S.C. 262r–4(a)) is amended—

18 (1) by inserting “(1)” before “the progress”;
19 and

20 (2) by inserting before the period at the end the
21 following: “, and (2) the progress made by the Inter-
22 national Monetary Fund in adopting and imple-
23 menting the policies described in section 3(c)(1)(C)
24 of the International Debt Forgiveness and Inter-

1 national Financial Institutions Reform Act of
2 2000”.

3 (d) REPORT ON DEBT RELIEF.—Not later than 90
4 days after the date of enactment of this Act, the Secretary
5 shall submit a report to the appropriate congressional
6 committees on the history of debt relief programs led by,
7 or coordinated with, international financial institutions,
8 including but not limited to—

9 (1) the extent to which poor countries and the
10 poorest-of-the-poor benefit from debt relief, includ-
11 ing measurable evidence of any such benefits; and

12 (2) the extent to which debt relief contributes
13 to the graduation of a country from reliance on fi-
14 nancing on concessionary terms and international
15 development assistance.

16 (e) REPORT ON OPERATING EXPENSES.—Not later
17 than 180 days after the date of enactment of this Act,
18 the Comptroller General shall submit a report to the ap-
19 propriate congressional committees describing the salaries,
20 benefits, and operating expense account of each inter-
21 national financial institution for the preceding fiscal year.

1 **SEC. 5. REPEAL OF BILATERAL FUNDING FOR INTER-**
2 **NATIONAL FINANCIAL INSTITUTIONS.**

3 Section 209(d) of the Foreign Assistance Act of 1961
4 (22 U.S.C. 2169(d); relating to bilateral funding for inter-
5 national financial institutions) is repealed.

6 **SEC. 6. DEFINITIONS.**

7 In this title:

8 (1) **APPROPRIATE CONGRESSIONAL COMMIT-**
9 **TEES.**—The term “appropriate congressional com-
10 mittees” means the Committee on Foreign Relations
11 and the Committee on Appropriations of the Senate,
12 and the Committee on Banking and Financial Serv-
13 ices and the Committee on Appropriations of the
14 House of Representatives.

15 (2) **BANK.**—The term “Bank” means the Inter-
16 national Bank for Reconstruction and Development.

17 (3) **COMPTROLLER GENERAL.**—The term
18 “Comptroller General” means the Comptroller Gen-
19 eral of the United States.

20 (4) **FUND.**—The term “Fund” means the Inter-
21 national Monetary Fund.

22 (5) **INTERNATIONAL FINANCIAL INSTITU-**
23 **TIONS.**—The term “international financial institu-
24 tions” means the multilateral development banks
25 and the International Monetary Fund.

1 (6) MULTILATERAL DEVELOPMENT BANKS.—

2 The term “multilateral development banks” means
3 the International Bank for Reconstruction and De-
4 velopment, the International Development Associa-
5 tion, the International Finance Corporation, the
6 Inter-American Development Bank, the Asian Devel-
7 opment Bank, the Inter-American Investment Cor-
8 poration, the African Development Bank, the Afri-
9 can Development Fund, the European Bank for Re-
10 construction and Development, and the Multilateral
11 Investment Guaranty Agency.

12 (7) SECRETARY.—The term “Secretary” means
13 the Secretary of the Treasury.